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Malaysia

Oilseeds and Products

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Approved by:

Jonathan Gressel

U.S. Embassy, Kuala Lumpur

Prepared by:

Raymond Hoh

Report Highlights:

Malaysia's crude palm oil (CPO) production rebounded by 7 percent to 1.5 MMT in July 2005. Post's CPO production forecast at 15.2 MMT in 2004/05 is within reach. Carry-over stock level at the end of the July increased to 1.3 MMT reflecting the increase in CPO output for July. Weakness in the Indonesian rupiah and a higher domestic CPO output influenced the average local CPO price to drop to US\$369/MT in August 2005. Preliminary official PO exports declined from 1.2 MMT in June to 1.1 MMT in July.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Kuala Lumpur [MY1]
[MY]

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Executive Summary

Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production rebound by 7 percent to 1.3 MMT in July 2005. Both output in the Peninsula Malaysia and East Malaysia's production rose 4.8 and 10.5 percent respectively. Compared to July 2004, output during July 2005 was 1.6 percent higher. Post's forecast of 4.1 MMT CPO output for the Jul-Sep quarter seen to be within reach bringing total CPO output to 15.2 MMT in 2004/05 (Oct/Sep).

Price

Weakness in the Indonesian rupiah and a higher domestic CPO output influenced the downward trend in local CPO prices during the month of August. The monthly average CPO price dropped from US\$375/MT in July to US\$369/MT in August 2005. For comparison, the average CPO price for August 2004 was US\$388/MT. The Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also dropped from US\$388/MT in July to US\$381/MT in August.

Stocks

Higher CPO output and lower PO exports resulted in an increase in carryout stocks to 1.3 MMT at the end of July. An increase in CPO output is expected to offset the increase in PO exports for the next two months. Post still expects the carry-over stocks to be at around 1.3 to 1.4 MMT by the end of Sept.

Trade

Preliminary official PO exports dropped from 1.2 MMT in June to 1.1 MMT in July. PO exports strengthened in August.

Annual Situation

PS&D table for palm oil remains unchanged since the submission of the Oilseed Update Report MY5033.

	Revised 2003/04	Prelim 2004/05	Forecast 2005/06
(1,000 tons)			
Beg Stock	975	1,332	1,360
Production	13,420	15,200	15,500
Imports	773	370	400
Total Supply	15,168	16,902	17,260
Exports	11,602	13,000	13,460
Domestic Use	2,234	2,542	2,600
Ending Stock	1,332	1,360	1,200

Quarterly Outlook for Palm Oil

	2004 1/	2005 2/	2004 1/	2005 2/
	Apr-Jun	Apr-Jun	Jul-Sep	Jul-Sep
	(1,000 tons)			
Beg Stocks 3/	958	1,447	1,212	1,183
Prod- Pen. Mal	1,989	2,227	2,339	2,460
- East Mal	1,290	1,526	1,742	1,640
- Total	3,279	3,753	4,081	4,100
Imports	259	57	161	80
Total Supply	4,496	5,257	5,454	5,363
Exports 4/	2,715	3,440	3,590	3,400
Dom Disap 5/	569	634	531	603
End Stocks	1,212	1,183	1,333	1,360

1/ Revised;

2/ Forecast;

3/ Stocks include crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ Residual

Production

	2004	2004	2005	2005
	July	Jan-July	July	Jan-July
(In 1,000 MT)				
CPO:				
Pen. Malaysia	765	4,345	784	4,970
East Malaysia	506	2,883	507	3,491
- Total /1	1,271	7,228	1,291	8,461
Palm Kernel: Malaysia	328	1,911	349	2,268
Palm Kernel Oil: Malaysia	148	871	159	1,072
Palm Kernel Meal: Malaysia	171	1,008	180	1,220

1/ Revised

Prices

(Crude delivered basis; RBD Oils in Bulk, FOB Malaysia)

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Aug 2004	1,476	411	427	376
Sep	1,547	432	448	375
Oct	1,460	414	426	357
Nov	1,475	405	421	358
Dec	1,408	392	402	350
Jan 2005	1,331	363	376	336
Feb	1,299	351	364	324
Mar	1,421	392	402	349
Apr	1,428	389	401	355
May	1,410	389	401	355
Jun	1,398	384	395	348
July 1/	1,408	388	398	344
Aug (till 30)	1,357	381	394	334

1/ Revised

Exchange Rate: US\$1.00 = RM3.68 (Aug 30 2005).

Stock

	2004	2005	2005	2005
	July	May	July 1/	July
(In 1,000 MT)				
Crude P. Oil	670	702	592	652
Processed PO	623	593	593	621
- Total PO	1,293	1,295	1,185	1,273
Palm Kernel	103	127	106	111
P. Kernel Oil	143	205	196	197

1/ Revised